

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING OF SERVICE
PERFORMANCE

Docket No. RM2022-7

**REPLY COMMENTS OF THE
UNITED STATES POSTAL SERVICE
(June 24, 2022)**

Pursuant to Postal Regulatory Commission (PRC or Commission) Order No. 6160,¹ the United States Postal Service (Postal Service) respectfully submits these reply comments in response to comments filed in this docket by the Public Representative (PR), the Alliance of Nonprofit Mailers (ANM), the Association for Postal Commerce (PostCom), the National Association of Presort Mailers (NAPM), and the National Postal Policy Council (NPPC). The Postal Service appreciates the interest in this matter, and it too shares a common desire to improve accuracy, transparency, and usefulness of service performance data. The Postal Service is concerned, however, that some of the commenters' views would lead to burdensome and unproductive outcomes, and thus urges that the Commission issue rules that align with the Postal Service's interpretations and recommendations, especially given that the Postal Service will be tasked with any additional reporting requirements and will have primary responsibility for execution of the online dashboard.

¹ Docket No. RM2022-7, Advance Notice of Proposed Rulemaking to Revise Periodic Reporting of Service Performance, April 26, 2022 (Order No. 6160).

I. Proposed New Reporting Requirements for Market Dominant Products

The commenters generally agree with the Commission's recognition that any new reporting requirements should be practically useful and functionally conducive to improved service.² For example, although NPCC generally supports the Commission's proposed reporting enhancements, it cautions against "imposing reporting requirements on the Postal Service that do not provide actionable information or benefit to business mailers and/or the mailing public" and that do not provide "useful and actionable information."³

The Postal Service shares NPCC's observation, but adds that the Commission must also take care to consider and balance the expense and burden of imposing additional reporting requirements atop the Postal Service's already extensive required reports, which arise not only in connection with periodic reporting, but also in the Annual Compliance Report dockets, and in responses to Annual Compliance Determinations.

II. Days to Delivery Average

NPCC and the Postal Service appear to agree that "actual calendar days" should be defined as "delivery days," excluding Sundays and holidays.⁴ The PR likewise concurs that "while the Postal Service does not count Sunday and holidays in its days for delivery, the reference to calendar days could be misconstrued by many as including such days. . ."⁵

² Order No. 6160 at 4.

³ NPCC Comments at 1.

⁴ See NPCC Comments at 2; Postal Service Comments at 4-6.

⁵ PR Comments at 4-5.

PostCom suggests that the Commission “may also want to consider using delivery days in addition to calendar days.”⁶ As the Postal Service explained in its initial comments, averages are gathered that include actual delivery days (i.e., days in which Market Dominant mail is eligible for delivery, excluding Sundays and holidays). This is because averages that include all calendar days would provide a less accurate and less meaningful picture of actual service performance. Adding calendar day averages to actual delivery day averages would, therefore, muddle the “days to deliver” average and potentially confuse those mailers who consult it.

PostCom further recommends that the Commission require the Postal Service to report “on dispersion around the average.”⁷ This too would burden the “days to deliver” average with extraneous data points that tend to compromise its usefulness. The average, after all, is intended to convey a simple snapshot of service performance. Variances within such averages will inevitably register fluctuating patterns of mailer behavior—a key factor for which dispersions on their own would not provide sufficient context. Such additional reporting requirements would, in other words, risk obscuring more than they illuminate, a problem that would in its turn require yet more reporting; at which point the “days to deliver” average would begin to reduplicate the already voluminous service performance data that the Postal Service already reports quarterly, as well as in its yearly Annual Compliance Report.

NAPM’s contention that “the reporting . . . required separately at each individual product level . . . would be more accurate and reflective of the experience of users of

⁶ PostCom Comments at 2.

⁷ *Id.*

mail in that category”⁸ raises similar concerns. It is not clear what value such refinements to the “days to deliver” average would actually confer over and above the service performance data that the Postal Service regularly provides. It would not, in any case, account for changes to mailer behavior, for instance, increased proportional use of the full postal network for longer distance mail, thereby lending itself to possible misinterpretations.

III. Root Cause Point Impact Data

The PR advocates for codifying the root cause point impact reporting (number of percentage points by which on time performance decreased), asserting that “these data are useful in isolating significant drivers of delays for an individual product,” and that requiring reporting of root cause failure for Market Dominant products would not add substantially “to the efforts the Postal Service expends during the annual ACD proceedings.”⁹

PostCom notes that when considering whether to require “the Postal Service to report root cause point impact data for all Market Dominant products,” the Commission should carefully review the potential cost of such additional reporting.¹⁰ The Postal Service agrees that cost is an important consideration and has accordingly provided significant details about the unjustifiable burdens that disaggregating such data for individual Market Dominant products would impose on the Postal Service and, importantly, that such additional reporting would provide negligible additional benefits.¹¹

⁸ NAPM Comments at 3.

⁹ PR Comments at 8.

¹⁰ Order No. 6160 at 5; PostCom Comments at 2-3.

¹¹ Postal Service Comments at 8-9.

IV. Measured vs. Unmeasured Volume Reporting

NAPM comments extensively on mail excluded from measurement, noting that “Mail that has been excluded from measurement . . . has no visibility in the USPS’ system and because mailers don’t have visibility at the piece level as to which pieces are excluded from the USPS measurement system, their systems do not match what the USPS system is reporting for service performance.”¹² Similarly, PosCom recommends that the Commission investigate ways for the Postal Service to report on average days to deliver for excluded pieces.¹³ The Postal Service, however, already provides an external dashboard through the Business Customer Gateway, which makes readily available an array of data on excluded volumes. These data are arguably of greater value to customers than piece-level data, as a piece-by-piece examination of excluded mail would prove time-consuming and would moreover obstruct general trends in exclusion that are indicative of pervasive underlying causes.

NAPM further recommends the addition of “a few columns to show percentages for each product category where data is being presented, such as the percent of pieces not in measurement compared to total pieces” and “the percent of Full-Service IMb pieces excluded from measurement compared to total IMb Full-Service pieces.”¹⁴ The Postal Service already provides the percent of pieces not in measurement compared to total pieces; it also provides the percent of Full-Service IMb pieces excluded from measurement compared to total IMb Full-Service pieces.¹⁵ NAPM further opines in this

¹² NAPM Comments at 4.

¹³ PostCom Comments at 5.

¹⁴ *Id.* at 6.

¹⁵ See, e.g., FY 2022 Q2 Service Performance Measurement System - Cover Letter and Audit Report, Audit Response, and Measured/Unmeasured Volumes Report (May 31, 2022), at Attachment B.

regard that “[i]t would . . . be helpful to have a report that compares some of the information for multiple quarters/Fiscal Years,”¹⁶ and that “[i]mprovement is needed in the report to show actual improvement/declines for each exclusion reason over time.”¹⁷ While it is true that the Postal Service does not explicitly track improvements and/or declines in exclusion reasons over time, its service performance reports do include data from previous successive quarters. Comparison between quarters can be performed by any party who chooses to analyze the already available data.

V. Operating Plan

PostCom proposes that the Commission consider measuring achievement of operating plan targets at the facilities-level.¹⁸ As an initial matter, such facilities-level data are sensitive information of a commercial nature that under good business practices would not be disclosed to the public. Additionally, such data would be very finely disaggregated, which raises questions about sample sizes. Lastly, the Commission has already tasked the Postal Service with reporting certain related information as part of its reporting requirements in respective Annual Compliance Report dockets and this reporting is sufficient as it is dynamic to the particular needs of the Commission with each Annual Compliance Determination.¹⁹

VI. Nonpostal Services

The ANPR provides that “the Commission intends to create reporting

¹⁶ NAPM Comments at 6.

¹⁷ *Id.* at 7.

¹⁸ PostCom Comments at 3-4.

¹⁹ See, e.g., Fiscal Year 2021 Annual Compliance Determination (ACD), Docket No. ACR2021, March 29, 2022, at 167 (ACD Report, Chpt. V.A.4.a(6)(c)).

requirements for the quality of service for all of the Postal Service's nonpostal [services], which it will set out in the previously reserved 39 CFR § 3055.25."²⁰ The PR suggests that the Commission should insert into reserved 39 CFR § 3055.25 the same language in comparable rules for annually reporting service performance for the other Market Dominant classes of products, and further advocates for new reporting rules for competitive nonpostal services.

As an initial matter, and as the PR recognizes, "[t]he Advance Notice indicates the Commission is concerned in this docket with annual reporting requirements of service performance for market dominant nonpostal products."²¹ Accordingly, both the Postal Service and the PR agree that the scope of this docket is limited to Market Dominant nonpostal services. As the Postal Service explained in its initial comments, the only nonpostal services that even conceivably could be subject to Market Dominant quality-of-service reporting are the two Market-Dominant nonpostal services grandfathered in under 39 U.S.C. § 404(e): (1) alliances or agreements with the private sector entities for the provision of a core postal function or the funding of the function; and (2) philatelic sales.²² Philatelic sales are already included in service performance measurement and reporting via the Stamp Fulfillment Services product.²³ The second

²⁰ Order No. 6160 at 6.

²¹ PR Comments at 15.

²² Postal Service Comments at 11.

²³ 39 C.F.R. § 122.2(e) (providing a service standard for order fulfillment with respect to "Philatelic/Custom and All Other Order Sources"); *id.* § 3055.65(d)(1) (requiring reporting for Stamp Fulfillment Service "by customer order entry method"); Docket No. RM2011-14, Order Establishing Final Rule Concerning Periodic Reporting of Service Performance Measurements for Stamp Fulfillment Services (Nov. 4, 2011), at 5 (Order No. 947) (explaining that "customer order entry method" includes the Philatelic/Custom/Other line item); *see, e.g.*, U.S. Postal Serv., FY 2022 Quarter 2 Service Performance Measurement Data (May 10, 2022), Microsoft Excel file "Special Services 222 Scores Report.xls", tab "Special Services Narrative" ("This report includes the on-time performance and service variance results for . . . Philatelic / Custom & All Other Order Sources with Ten-Day service standard[.]").

service at issue encompasses two alliances with private-sector entities to publish change-of-address and postal-retail-location information in exchange for a share of advertising revenue, and it is difficult, if not impossible, to conceive of what “service performance” might mean in this context. Accordingly, there is no basis to establish reporting rules for these services.

Should the Commission determine that the Postal Service is required to report service performance data for the market dominant nonpostal services at issue, the Postal Service would alternatively request to receive a semi-permanent exception from service performance reporting for the latter service because it is not susceptible of meaningful service performance measurement under 39 C.F.R. § 3055.3(a)(2).²⁴

VII. Online Dashboard

The Commission sought “comments on implementing the PSRA’s new online dashboard mandate.”²⁵ As the PR acknowledges, “designing a good dashboard is difficult and involves trades-offs. A large quantity of information is required by the PSRA, but it must be accessible, meaningful, and understandable by users.”²⁶ The Postal Service respectfully submits that its approach for developing a public dashboard, and the features it is preparing to include on the dashboard, will satisfy the requirements of the PSRA and present information in a way that is “accessible, meaningful, and understandable.” As described in the Postal Service’s initial comments, the Postal Service is creating a dashboard to offer the public practical, useful, and readily

²⁴ Docket No. RM2010-14, Order Approving Semi-Permanent Exception from Periodic Reporting of Service Performance Measurement for Applications and Mailing Permits, Oct. 27, 2010 (Order No. 570).

²⁵ Order No. 6160 at 2.

²⁶ PR Comments at 24.

comprehensible service performance information.²⁷ As the entity responsible for implementation of the dashboard, the Postal Service submits that its views merit deference as it is best positioned to be able to judge the level of effort involved in designing the dashboard and maintaining its content.

While NPPC recognizes that the expectations for the dashboard are defined by the statute, NPPC suggest broad sorting and filtering capabilities that are inconsistent with the statute and increase the dashboard' operational expense and burden. Thus, for example, NPPC suggests that the customer should be able to search dashboard performance results beyond Area and District to include sortation by originating and destinating 3-Digit or 5-Digit areas or by specific originating and destinating pairs. NPPC further suggests that these sortable results should then be subject to customer defined filtering by shape, delivery days, or specific Customer Registration Identification/Mailer Identification numbers. And that the resulting report be exportable.²⁸ Requiring such additional detail, however, would provide no useful insight into Postal Service performance, is inconsistent with the framework provided in the statute and would increase the expense and burden of maintaining the dashboard.

VIII. Other Considerations

PostCom urges the Commission to require disaggregation of product level service performance data using specific service type indicators ("STIDs").²⁹ The Postal Service submits that such reporting would be overly burdensome and would not confer any added benefits. There are well over 200 STIDs that would need to be included in

²⁷ Postal Service Comments at 2-4.

²⁸ NPPC Comments at 4-5.

²⁹ PostCom Comments at 5.

such additional reporting, which would be costly and time consuming to measure and verify. Importantly, such additional reporting would not have any statistical value. PostCom also asks the Commission to direct the Postal Service to provide “unfiltered data” as a part of the Postal Service’s service performance reporting.³⁰ Such a requirement would be unduly burdensome for the Postal Service to implement as this reporting will need to develop the processes to allow for such reporting and will need to expand additional time and effort to consistently measure and verify such all such additional data. Additionally, PostCom asks the Commission to consider requiring the Postal Service to provide all Informed Visibility (IV) data in formats that are more amenable to data mining.³¹ Any such additional reporting of IV data would come with additional costs, which in the context of public reporting, cannot be recovered from users. The Postal Service will take this request under consideration and will evaluate whether there should be appropriate classifications and fees that should be charged for customers of such data.

Moreover, PostCom suggests in several places in its comments that the Commission should not require data collection that is useful only to the Postal Service for internal purposes unless there is a basis for concluding that the data are (or will be) actually used to reduce Postal Service costs and rates for mailers.³² Similarly, PostCom notes that “stronger enforcement of service standards could be just as beneficial, as such enforcement would create incentives for the Postal Service to identify and correct operational problems causing delays[.]”³³ PostCom appears to equate such “stronger

³⁰ *Id.*

³¹ PostCom Comments at 5.

³² *Id.* at 3.

³³ *Id.*

enforcement” to “consequences for service failure, for example by requiring automatic refunds or by incremental reduction in rate authority.”³⁴ The Postal Service strenuously disagrees with the premise that its reporting obligations are linked to and should be incentivized by reductions to costs and rates.

Reporting obligations should not be intended for “enforcement” purposes, let alone penalties or compensation, which would conflict with the main intentions of the regulatory scheme authorized by Congress. When Congress overhauled the statutory scheme for the Postal Service in 2006, it included provisions for modern regulation of market dominant products, as well as separate provisions for the regulation of competitive products. The Commission was authorized to promulgate implementing regulations for rates and classifications, recognizing differences between the market dominant and the competitive categories.

It is clear that Congress intended high quality service as a primary goal, with the Postal Service setting standards for high quality and then reporting to the Commission for compliance with legislative policies. In a House report issued in 2005 as the legislation that became the Postal Accountability and Enhancement Act (PAEA) was being developed, the House recognized that “high quality service standards” were among the key objectives of the new postal regulatory system, and, to that end, the Postal Service would need to “develop measures for and report on, among other things, the speed and reliability of postal services in all classes of mail in the Market Dominant category.”³⁵ Such reporting would facilitate the Commission’s fulfillment of its

³⁴ *Id.* at 6.

³⁵ H. Rep. No. 109-66, at 47, 50 (2005). At the same time, Congress recognized the importance of “protecting the confidentiality of commercially sensitive information.” *Id.* at 51.

responsibility to assess whether legislative policies are being met. Congress did not, however, view the reporting obligations as intended to penalize the Postal Service. Indeed, that would conflict with other key Congressional objectives, including cost reduction and financial self-sufficiency.³⁶

To the contrary, the principal intention of Congress in these reporting obligations was for public transparency, rather than penalties or similar enforcement purposes. The House report first highlighted “Transparency” as one of the key objectives in order to “[e]nsure that important factual information on the Postal Service’s product costs and performance is accurately measured and made available to the public in a timely manner.”³⁷ It further emphasized the “need for a more open and accountable executive branch” through “a high degree of transparency, including in [the Postal Service’s] finances and operations.”³⁸

Additionally, tying service performance to financial disincentives will have negative repercussions including by reducing revenue, thereby limiting the Postal Service’s ability to implement any necessary corrective actions to alleviate possible service performance issues.

Finally, NAPM recommends that the Postal Service “provision all service performance data through Informed Visibility, including flagging data that reflects service performance impacts from disasters/weather so that the impacts can be better understood and attributed to these types of network disruptions vs other causes that are more within the USPS’ control.”³⁹ The Postal Service notes in response that service

³⁶ *Id.* at 43.

³⁷ *Id.*

³⁸ *Id.* at 45-46.

³⁹ NAPM Comments at 10.

exclusion data are currently available the Service Performance Exclusion dashboard,⁴⁰ and that information concerning disasters and weather event impacts on residential customers, business mailers and international mailers is available via the Service Alerts link on usps.com.

CONCLUSION

For these reasons, the Postal Service urges the Commission not to incorporate in its regulations the recommendations set forth in the comments filed in this docket by the PR, ANM, PostCom, NAPM, and NPPC insofar as these exceed the bounds of statutory authority, or to the extent that they are inconsistent with the Postal Service's own recommendations. The Postal Service once again urges the Commission to adopt the Postal Service's recommendations as set forth in the Postal Service's comments filed in this docket on June 3, 2022.

Respectfully submitted,

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⁴⁰ This dashboard is available to full-service mailers on through the Business Customer Gateway application.

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